

GENERAL

Unless otherwise indicated, information in this Item reflects 100% of the assets and operations of the Company and its subsidiaries which were consolidated at the date or for the periods indicated, including minority interests. Also, unless otherwise indicated, figures for business sales and other operating revenues include sales between BP businesses.

BP was created on December 31, 1998 by the merger of Amoco Corporation, incorporated in Indiana, USA, in 1889, and The British Petroleum Company p.l.c., registered in 1909 in England and Wales. The resulting company, BP p.l.c., is a public limited company, registered in England and Wales.

BP is one of the world's leading oil companies on the basis of market capitalization and proved reserves. Our worldwide headquarters is located in London, UK. Our registered address is:

BP p.l.c.
1 St James's Square
London SW1Y 4PD
United Kingdom
Tel: +44(0)20 7496 4000
Internet address: www.bp.com

Our agent in the USA is:

BP America Inc.
4101 Winfield Road
Warrenville, Illinois 60555
Tel: +1 630 821 2222

Overview of the Group

Our three operating business segments are Exploration and Production; Refining and Marketing; and Gas, Power and Renewables. Exploration and Production's activities include oil and natural gas exploration, development and production (upstream activities), together with related pipeline transportation and processing activities (midstream activities). The activities of Refining and Marketing include oil supply and trading and the manufacture and marketing of petroleum products, including aromatics and acetyls as well as refining and marketing. Gas, Power and Renewables activities include the marketing and trading of natural gas, natural gas liquids (NGLs), liquefied natural gas (LNG), LNG shipping and regasification activities, and low-carbon power development, including solar and wholesale marketing and trading (BP Alternative Energy). The Group provides high quality technological support for all its businesses through its research and engineering activities.

The Group's operating business segments are managed on a global basis and not on a regional basis. Geographical information for the Group and segments is given to provide additional information for investors, but does not reflect the way BP manages its activities. Information by geographical area is provided for production and reserves in response to the requirements of Appendix A to Item 4D of Form 20-F.

We have well established operations in Europe, the USA, Canada, Russia, South America, Australasia, Asia and parts of Africa. Currently, around 70% of the Group's capital is invested in Organization for Economic Cooperation and Development (OECD) countries with just under 40% of our fixed assets located in the USA, and around 25% located in the UK and the Rest of Europe.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934
OR
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended 31 December 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

Commission file number: 1-6262

BP p.l.c.

(Exact name of Registrant as specified in its charter)

England and Wales

(Jurisdiction of incorporation or organization)

1 St James's Square
London
SW1Y 4PD
United Kingdom

(Address of principal executive offices)

Title of each class
Ordinary Shares of 25c each

Name of each exchange on which registered
New York Stock Exchange*
Chicago Stock Exchange*
NYSE Arca*

*Not for trading, but only in connection with the registration of American
Depository
Shares, pursuant to the requirements of the Securities and Exchange

Information on the company

General

Unless otherwise indicated, information in this document reflects 100% of the assets and operations of the company and its subsidiaries that were consolidated at the date or for the periods indicated, including minority interests. Also, unless otherwise indicated, figures for business sales and other operating revenues include sales between BP businesses.

The British Petroleum Company p.l.c., incorporated in 1909 in England and Wales, became known as BP Amoco p.l.c. following the merger with Amoco Corporation (incorporated in Indiana, US, in 1889). The company subsequently changed its name to BP p.l.c.

BP is one of the world's leading oil companies on the basis of market capitalization and proved reserves. Our worldwide headquarters is located at 1 St James's Square, London SW1Y 4PD, UK. Telephone +44 (0)20 7496 4000. Our agent in the US is BP America Inc., 4101 Winfield Road, Warrenville, Illinois 60555. Telephone +1 630 821 2222.

Overview of the group

BP is a global group, with interests and activities held or operated through subsidiaries, jointly controlled entities or associates established in, and subject to the laws and regulations of, many different jurisdictions. These interests and activities cover three business segments, supported by a number of organizational elements comprising group functions or regions.

The three business segments are Exploration and Production, Refining and Marketing and Gas, Power and Renewables. Exploration and Production's activities include oil and natural gas exploration, development and production (upstream activities), together with related pipeline, transportation and processing activities (midstream activities). The activities of Refining and Marketing include oil supply and trading and the manufacture and marketing of petroleum products, including aromatics and acetyls, as well as refining and marketing. Gas, Power and Renewables activities include marketing and trading of gas and power; marketing of liquefied natural gas (LNG); natural gas liquids (NGLs); and low-carbon power generation through our Alternative Energy business. The group provides high-quality technological support for all its businesses through its research and engineering activities.

Group functions serve the business segments, aiming to achieve coherence across the group, manage risks effectively and achieve economies of scale. Each head of region ensures regional

Economic Co-operation and Development (OECD) countries, with just under 40% of our fixed assets located in the US and around 25% located in the UK and the Rest of Europe.

We believe that BP has a strong portfolio of assets in each of its main segments:

– In Exploration and Production, we have upstream interests in 26 countries. In addition to our drive to maximize the value of our existing portfolio, we are continuing to develop new profit centres. Exploration and Production activities are managed through operating units that are accountable for the day-to-day management of the segment's activities. An operating unit is accountable for one or more fields. Profit centres comprise one or more operating units. Profit centres are, or are expected to become, areas that provide significant production and income for the segment. Our new profit centres are in Asia Pacific (Australia, Vietnam, Indonesia and China), Azerbaijan, North Africa (Algeria), Angola, Trinidad & Tobago and the deepwater Gulf of Mexico; and in Russia/Kazakhstan (including our operations in TNK-BP, Sakhalin and LukArco), where we believe we have competitive advantage and which we believe provide the foundation for volume growth and improved margins in the future. We also have significant midstream activities to support our upstream interests.

– In Refining and Marketing, we have a strong presence in the US and Europe. We market under the Amoco and BP brands in the Midwest, East and Southeast and under the ARCO brand on the West Coast of the US, and under the BP and Aral brands in Europe. We have a long-established supply and trading activity responsible for delivering value across the crude and oil products supply chain. Our Aromatics and Acetals business maintains a manufacturing position globally, with emphasis on growth in Asia. We also have, or are growing, businesses elsewhere in the world under the BP and Castrol brands, including a strong global Lubricants portfolio and other business-to-business marketing businesses (aviation and marine) covering the mobility sectors. We continue to seek opportunities to broaden our activities in growing markets such as China and India.

– In Gas, Power and Renewables, we have a growing marketing and trading business in the US, Canada, UK and continental Europe. Our marketing and trading activities include natural gas, power and NGLs. Our international natural gas monetization activities identify and capture worldwide opportunities for our upstream natural gas resources

scale. Each head of region ensures regional consistency of the activities of business segments and group functions and represents BP to external parties.

The group's system of internal control is described in the BP management framework. It is designed to meet the expectations of internal control of the Turnbull Guidance on the Combined Code in the UK and of COSO (committee of the sponsoring organization for the Treadway Commission in the US). The system of internal control is the complete set of management systems, organizational structures, processes, standards and behaviours that are employed to conduct the business of BP and deliver returns to shareholders. The design of the management framework addresses risks and how to respond to them. Each component of the framework is in itself a device to respond to a particular type or collection of risks.

The group strategy describes the group's strategic objectives and the presumptions made by BP about the future. It describes strategic risks that arise from making such presumptions and the actions to be taken to manage or mitigate the risks. The board delegates to the group chief executive responsibility for developing BP's strategy and its implementation through five-year and annual plans (the group plan) that determine the setting of priorities and allocation of resources. The group chief executive is obliged to discuss with the board, on the basis of the strategy and group plan, all material matters currently or prospectively affecting BP's performance.

As the group's business segments are managed on a global, not on a regional, basis, geographical information for the group and segments is given to provide additional information for investors but does not reflect the way BP manages its activities.

We have well-established operations in Europe, the US, Canada, Russia, South America, Australasia, Asia and parts of Africa. Currently, around 70% of the group's capital is invested in Organisation for

Opportunities for our upstream natural gas resources and are focused on growing natural gas markets, including the US, Canada, Spain and many of the emerging markets of the Asia Pacific region, notably China. We have a significant NGLs processing and marketing business in North America. In 2005, we established BP Alternative Energy, which aims to extend significantly our capabilities in solar, wind, hydrogen power and gas-fired power generation. Alternative Energy has solar production facilities in US, Spain and India and Australia, wind farms in the Netherlands and a substantial portfolio of development projects in the US. We are advancing development of hydrogen power plants and are involved in power projects in the US, UK, Spain and South Korea.

Through non-US subsidiaries or other entities, BP conducts or has conducted limited marketing, licensing and trading activities and technical studies in certain countries subject to US sanctions, in particular in Iran and with Iranian counterparties, including the National Iranian Oil Company (NIOC) and affiliated entities, and has a small representative office in Iran. BP believes that these activities are immaterial to the group. In addition, BP has interests in, and is the operator of, two fields outside Iran in which NIOC and an affiliated entity have interests. However, BP does not seek to obtain from the government of Iran licences or agreements for oil and gas projects in Iran and does not own or operate any refineries or chemicals plants in Iran.

Acquisitions and disposals

In 2006, there were no significant acquisitions. BP purchased 9.6% of the shares issued under Rosneft's IPO for a consideration of \$1 billion (included in capital expenditure). This represents an interest of around 1.4% in Rosneft. Disposal proceeds were \$6,254 million, which included \$2.1 billion on the sale of our interest in the Shensi discovery and around \$1.3 billion from the sale of our producing properties on the Outer Continental Shelf of the Gulf of Mexico to Apache Corporation.

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- In a study by Corporate Research International, US consumers ranked BP's convenience chain in the US as the best for customer service.
- BP completed the disposal of its shareholding in Zhenhai Refining and Chemicals Company to Sinopec, sold its shareholding in Eiffage, the French-based construction company, and completed the disposal of its network of 70 retail sites in the Czech Republic.
- BP also announced its intention to sell the Coryton refinery in the UK, which processes 172,000 barrels of crude oil per day. On 1 February 2007, we announced that the sale of the refinery to Petroplus Holdings AG had been agreed, subject to required regulatory approvals. The sale includes the adjacent bulk terminal and BP's UK bitumen business which is closely integrated with the refinery. Completion of the sale is expected in mid-2007.

Texas city refinery

Summary

Throughout 2006, BP continued to respond to the 23 March 2005 incident at its Texas City refinery. BP addressed a number of the factors that contributed to the incident, including the announcement of a new policy for the siting of occupied portable buildings and the removal from service at Texas City of all blow-down stacks handling heavier-than-air light hydrocarbons. BP also implemented a number of actions relating to safety and operations, not only at US refineries but also at other facilities worldwide. These actions include a decision to increase spending to an average of \$1.7 billion a year over the next four years to improve the integrity and reliability of US refining assets, the formation of a safety and operations function to focus on operations and process safety across the group, the appointment of a new chairman and president of BP America Inc. and the creation of an advisory board to assist BP America Inc.'s management in monitoring and assessing BP's US operations. Also in 2006, BP settled a large number of civil suits arising from the Texas City incident. BP established a \$1.625 billion provision related to the incident and reached settlements with all the relatives of those who were killed and with hundreds of other persons who filed injury claims. Trials have been scheduled for a number of unresolved claims in mid-2007, although to date all claims scheduled for trial have been resolved in advance of trial.

In 2006, BP continued its co-operation with the governmental entities investigating the incident, including the US Department of Justice (DOJ), the US Environmental Protection Agency (EPA), the US Occupational Safety & Health Administration (OSHA), the US Chemical Safety and Hazard Investigation

and other management and operational behaviours and processes at the Texas City refinery.

The investigation team recommended numerous changes relating to people, procedures, control of work and trailer siting, design and engineering, underlying systems and investigation and reporting of incidents. The Texas City refinery established a programme office to implement the recommendations from this report and to address other projects needed to enhance the safety and performance of the refinery. In addition, in the immediate wake of the incident, a new Texas City site manager was appointed in May 2005. That manager has been succeeded by a permanent replacement, whose tenure at the refinery began in the first quarter of 2007. Steps were taken following the incident to strengthen the leadership team, clarify responsibilities and introduce systems to improve communication and compliance. All occupied trailers have been removed from specified areas, an enhanced training programme is under way and the site has committed to restarting process units without any blow-down stacks in heavier-than-air light hydrocarbons.

The incident prompted a number of investigations by other state and federal agencies. The TCEQ and OSHA investigations of the incident resulted in settlement agreements between BP and the agencies. In the third quarter of 2005, BP reached a settlement with OSHA that resulted in the payment of a \$21.4 million penalty, an agreement to correct all alleged safety violations and the retention of experts to assess the refinery's organization and process safety systems. In the second quarter of 2006, BP settled with the TCEQ, resolving 27 alleged violations by paying a \$0.3 million fine and agreeing, among other things, to upgrade its flare system.

In August 2005, the CSB issued an urgent recommendation to BP to establish an independent panel to assess and make recommendations regarding BP's corporate oversight of safety management systems at its five US refineries and its corporate safety culture. BP established the panel in October 2005, chaired by former US Secretary of State James A Baker, III, and co-operated fully with the panel. In order to make a thorough and credible assessment, the panel visited all BP's US refineries, commissioned independent process safety audits, interviewed staff at all levels, including operators and refinery managers and leadership teams, conducted an extensive process safety cultural survey and reviewed tens of thousands of documents.

BP expects the CSB to issue its final report in March 2007, supplementing two interim reports of findings. At a news conference on 31 October 2006, the CSB issued an update on the status of its own

Board (CSB) and the Texas Commission on Environmental Quality (TCEQ). During 2006, BP also devoted significant time and effort to co-operate with the BP US Refineries Independent Safety Review Panel (the panel), which it chartered in 2005 on the recommendation of the CSB, to assess the effectiveness of corporate oversight of safety management systems at BP's US refineries and the corporate safety culture. The panel published its report in January 2007 and BP has committed to implement its recommendations (see *Report of the BP US Refineries Independent Safety Review Panel* on page 25).

Background

The March 2005 explosion and fire at BP Products North America Inc.'s Texas City refinery occurred in the isomerization unit of the refinery as the unit was starting up after routine planned maintenance. The incident claimed the lives of 15 workers and injured many others.

An internal BP incident investigation determined that the raffinate splitter at the isomerization unit was overfilled and overheated, causing the relief valves to open into the blow-down system and resulting in an overflow of liquid hydrocarbon from the blow-down stack. The resulting vapour cloud was ignited by a source that has not been definitively identified.

BP's incident investigation team found that the critical factors leading to the incident included over-pressurization of the raffinate splitter, resulting in loss of containment, the failure to follow procedures during the start-up, the placement of temporary trailers too close to the blow-down stack and the design and operation of the blow-down stack. The investigation team issued a comprehensive final report, which is available in full on the BP internet site, www.bpreponse.org. The final report identified a number of underlying causes related to the working environment, process safety

20-month investigation into the causes of the incident and also issued recommendations to the American Petroleum Institute (API) to amend its guidance relating to atmospheric relief systems and to OSHA to establish a national emphasis programme promoting the elimination of unsafe systems in favour of safer alternatives.

The DOJ is investigating whether the Texas City incident involved any criminal conduct. The DOJ has issued Grand Jury subpoenas for documents and testimony. The investigation, with which BP is co-operating, is ongoing.

The refinery was entirely shut down in September 2005 in anticipation of Hurricane Rita. The hurricane caused the loss of steam and power to the refinery and these services were not fully restored until December 2005. The site-wide shut-down of the Texas City refinery also affected the Aromatics and Acetys business, which has a co-located manufacturing capacity of paraxylene (PX) and metaxylene. The PX unit resumed production in March and the metaxylene unit resumed in April 2006. The remaining PX capacity at Texas City has been restarted in line with the ongoing phased recommissioning of the refining units.

Throughout the period from September 2005 to the end of the first quarter of 2006, BP worked to understand the extent of the damage the hurricane and loss of power had caused and put into place detailed plans to effect repair and safe restart of the process units. This was a considerable task, involving the entire workforce at the site plus significant external engineering resources.

At the end of the first quarter of 2006, the refinery restarted production and reached an average throughput of 248,000 barrels per day in the fourth quarter of 2006. The site started up smoothly and